

SENATE BILL

No. 436

Introduced by Senator Vincent

February 21, 2007

An act to amend Section ~~19601~~ 19596.1 of the Business and Professions Code, relating to horse racing, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 436, as amended, Vincent. Horse racing: ~~satellite wagering.~~ *harness or quarter horses.*

Existing law authorizes a harness or quarter horse racing association to import out-of-state or out-of-country harness or quarter horse races under certain conditions. Existing law permits an association, for up to 2 races per night, for each race that is not imported, to add a race to the number of races allowable under the maximum authorization on another night of racing.

This bill would revise that provision to instead permit the association to add a race for up to 5 races per night, as specified. The bill would also delete a provision that limits to no more than 2 races, the number of races that may be added to the number allowable on a single night.

Under existing law, revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

Because this bill would authorize additional wagering, and thereby increase the amount of continuously appropriated license fees, the bill would make an appropriation.

~~Existing law requires a quarter horse racing association in the southern zone to show races of a harness racing association in the northern zone, and requires a harness racing association in the northern zone to show races of a quarter horse racing association in the southern zone, as specified. Existing law requires each racing association to pay the other an additional 5% of the amount wagered on the satellite races at their respective facilities. Existing law specifies how the additional 5% is to be distributed as to harness racing associations.~~

~~This bill would apply that distribution provision to both types of racing associations.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19596.1 of the Business and Professions
 2 Code is amended to read:
 3 19596.1. (a) Notwithstanding any other provision of law, the
 4 board may authorize a harness or quarter horse association
 5 conducting a race meeting to accept wagers on the results of
 6 out-of-state or out-of-country harness or quarter horse races and,
 7 with the board's approval and with the concurrence of the
 8 horsemen's organization contracting with the association, other
 9 designated harness or quarter horse races during the period it is
 10 conducting the racing meeting, if all of the following conditions
 11 are met:
 12 (1) The authorization complies with federal laws, including, but
 13 not limited to, Chapter 57 (commencing with Section 3001) of
 14 Title 15 of the United States Code.
 15 (2) Wagering is offered only within the racing inclosure and
 16 only within 36 hours of the running of the out-of-state feature race.
 17 (3) The association conducts at least seven live races, and
 18 imports not more than six races on those days during a racing
 19 meeting when live races are being run, except as provided in
 20 subdivision (b).
 21 (4) If only one breed of horse specified in this section is being
 22 raced on a given day, then the association conducting the live
 23 racing may import those races which would otherwise be simulcast
 24 by the association which is not racing, provided that the total
 25 number of harness or quarter horse races imported in a calendar

year does not exceed the number of night races imported in 1998 after 5:30 p.m. After the usual deductions, including the portion for the racing association, the portion remaining for purses from these races shall be distributed equally for purses for harness horsemen and quarter horse horsemen.

(5) No quarter horse or harness racing association shall accept wagers on out-of-state or out-of-country quarter horse or harness races commencing before 5:30 p.m., Pacific standard time, without the consent of any thoroughbred association or fair that is then conducting a live racing meeting in this state.

(b) An association that is authorized to import races pursuant to subdivision (a) may, at its sole discretion, import fewer than the maximum number of harness or quarter horse races authorized in paragraph (3) of subdivision (a). For up to ~~two~~ *five* races per night, for each race that is not imported under the maximum authorized by paragraph (3) of subdivision (a) on a particular night of racing, the association may add a race to the number of races allowable under the maximum authorization on another night of racing. ~~However, no more than two races may be added under this subdivision to the number allowable on a single night, and the~~ *The* total number of imported races over a calendar year may not exceed the total number of imported races authorized pursuant to paragraphs (3) and (4) of subdivision (a).

~~SECTION 1. Section 19601 of the Business and Professions Code is amended to read:~~

~~19601. (a) Notwithstanding any other provision of law, a licensed association or fair that is conducting a live meeting in any racing zone may accept wagers on any race conducted in this state, if all of the following requirements are met:~~

~~(1) The association or fair that conducts the racing meeting and the organization that is responsible for negotiating purse agreements on behalf of the horsemen participating in that racing meeting consent to the acceptance of the wagers. However, if consent is withheld, any party may appeal the withholding of consent to the board, which may determine that consent is not required.~~

~~(2) The association or fair conducts not less than eight races on days when the association or fair is licensed to conduct racing, except that fewer than eight live races per day may be conducted by the mutual agreement of the association or fair and the~~

1 organization that is responsible for negotiating purse agreements
2 on behalf of the horsemen participating in the racing meeting.

3 ~~(3) Wagering is offered only within the association's or fair's~~
4 ~~racing inclosure or within the satellite wagering facility and only~~
5 ~~within seven days of the commencement of the racing program~~
6 ~~with the transmitted race.~~

7 ~~(4) All wagers are included in the appropriate parimutuel pool~~
8 ~~at the racetrack of the association or fair where the race is~~
9 ~~conducted, or, in the appropriate parimutuel pool of the racetrack~~
10 ~~of the association or fair that accepts the transmitted race.~~

11 ~~(5) The association or fair accepting wagers on an out-of-zone~~
12 ~~transmitted race distributes the audiovisual signal of the race to,~~
13 ~~and accepts wagers from, all eligible satellite wagering facilities.~~

14 ~~(b) Any association or fair accepting wagers under subdivision~~
15 ~~(a) shall deduct, from the total amount handled in each~~
16 ~~conventional and exotic parimutuel pool on the transmitted race,~~
17 ~~the same percentages deducted pursuant to Article 9.5~~
18 ~~(commencing with Section 19610) for races at its own meeting.~~
19 ~~However, if the wagers are from a quarter horse race meeting, then~~
20 ~~the amounts deducted shall be the same as for a quarter horse race~~
21 ~~meeting. Amounts deducted under this section, including amounts~~
22 ~~deducted from wagers on out-of-zone races within the inclosure~~
23 ~~of the association or fair, shall be distributed as provided under~~
24 ~~Sections 19605.7, 19605.72, and 19605.73 with respect to wagers~~
25 ~~made within the northern zone, or Sections 19605.71, 19605.72,~~
26 ~~and 19605.73 with respect to wagers made within the central or~~
27 ~~southern zone, except that amounts distributed for purposes other~~
28 ~~than state license fees and fees payable to the Center for Equine~~
29 ~~Health, School of Veterinary Medicine, University of California~~
30 ~~at Davis, and the California Animal Health and Food Safety~~
31 ~~Laboratory shall be proportionally reduced by the amount of any~~
32 ~~fees paid to the Triple Crown or Breeder's Cup day host association~~
33 ~~pursuant to subdivision (c). The method used to calculate the~~
34 ~~reduction in proportionate share shall be approved by the board.~~
35 ~~For wagers on out-of-state and out-of-country races made within~~
36 ~~the association's or fair's inclosure, 1 percent shall be distributed~~
37 ~~to the association or fair as a satellite wagering facility commission.~~
38 ~~(c) Nothing in this section precludes an association or fair from~~
39 ~~charging a fee as a condition of transmitting the Triple Crown or~~
40 ~~Breeder's Cup day races, except that any fee shall be allocated~~

1 among all associations, fairs, and satellite wagering facilities
2 receiving the transmitted race in proportion to the amount wagered
3 at each location, and the fee shall equal that charged by the entity
4 conducting the race or races. Further, the only fee that can be
5 charged as a condition of transmitting the signal of an out-of-zone
6 race shall be a fee of 2.5 percent on Breeder's Cup day races.

7 (d) All breakage and unclaimed tickets, including unclaimed
8 refunds, shall be distributed equally between the association or
9 fair that accepts wagers on the transmitted race, and the horsemen,
10 in the form of purses. The purse moneys generated by this
11 subdivision shall be made available for purses during the meeting
12 in which they are received by the association or fair, or, if the
13 association or fair is not then conducting a live racing meeting,
14 during the next succeeding meeting of the association or fair.

15 (e) All wagers made pursuant to this section shall be considered
16 to have been wagered at a satellite wagering facility and shall be
17 excluded from total handle for the purposes of Section 19611.

18 (f) Notwithstanding Section 19530.5, satellite wagering facilities
19 operated by a fair, in the Counties of Fresno, Kern, or Tulare shall
20 be considered northern zone facilities and shall receive their
21 audiovisual signal from the association or fair conducting a racing
22 meeting in the northern zone that is authorized to distribute the
23 signal and accept wagers on central and southern zone races.
24 Satellite wagering facilities operated by a fair, in the Counties of
25 Santa Barbara or Ventura shall be considered central-southern
26 zone facilities and shall receive the audiovisual signal from the
27 association or fair conducting a racing meeting in the central or
28 southern zone that is authorized to distribute the signal and accept
29 wagers on northern zone races.

30 (g) All purse moneys derived from wagering on out-of-zone
31 races at fair racing meetings shall be distributed to all breeds of
32 horses participating in the fair meeting in direct proportion to the
33 purse money generated by breed on live races conducted during
34 the fair race meeting.

35 (h) During calendar periods when both a fair and a thoroughbred
36 association conduct live racing, the amounts deducted under this
37 section shall be distributed on any day of overlap as provided in
38 Section 19607.5, except that the applicable state license fee shall
39 be at the rate specified for nonfair meetings in subdivision (b) of
40 Section 19605.7.

~~(i) During calendar periods when a thoroughbred association and a fair, or a thoroughbred association and any other breed association are conducting a racing meeting in the same zone, the thoroughbred association shall be the association authorized to distribute out-of-zone, out-of-state, or out-of-country thoroughbred or fair races, except that the thoroughbred association may waive this right and allow the other breed racing association conducting a race meeting to distribute the signal and accept wagers on out-of-zone, out-of-state, or out-of-country thoroughbred or fair races for any racing day or days. For the purposes of this subdivision, the combined central and southern zone shall be considered one zone.~~

~~(j) In order to ensure, to the extent possible, that out-of-state and out-of-country simulcasting, furthers the purposes of this section, a committee made up of one representative from each of the then-operating thoroughbred associations or fairs that are conducting a live racing meeting in the state and one representative of the organization responsible for negotiating purse agreements on behalf of the horsemen participating in the meeting shall do the following:~~

~~(1) Determine the out-of-state or out-of-country thoroughbred races to be imported on a statewide basis pursuant to provisions of this chapter.~~

~~(2) Ensure, to the extent possible, that the fees charged by out-of-state or out-of-country entities for these signals are at the lowest obtainable rate and at the same rate statewide, in order to maximize the revenue available to in-state associations and fairs and their horsemen.~~

~~(3) Ensure, to the extent possible, due to the reciprocal nature of the interstate simulcasting business, that the maximum obtainable revenue is generated by the sale to out-of-state entities of the audiovisual signal of races conducted in this state by thoroughbred associations and fairs.~~

~~(4) Ensure that program information requirements for in-state signals comply with the standards of the board, but provide that abbreviated program formats may be used for races imported from other jurisdictions.~~

~~(k) Notwithstanding any other provision of law, any thoroughbred association or fair, when operating a live racing meeting, shall distribute the signal of all races conducted by, or~~

1 disseminated by, that association or fair to, and accept wagers on
2 these races from, any association that is licensed to conduct a live
3 quarter horse or harness racing meeting in Orange County and that
4 conducted such a meeting in 1998.

5 (l) Notwithstanding any other provision of law, all associations
6 or fairs when operating as eligible satellite wagering facilities shall
7 be in compliance with, and subject to the provisions of, Article
8 9.2 (commencing with Section 19605) of this chapter, and shall
9 display the signal and accept wagers on all live races conducted
10 in this state without regard to breed. Notwithstanding the foregoing
11 provision, a thoroughbred racing association located in the City
12 of Arcadia is exempt from these requirements for live harness and
13 quarter horse races conducted at night unless the thoroughbred
14 racing association facility is open for business at that time and is
15 accepting wagers on other night signals pursuant to this chapter.

16 A quarter horse racing association located in the southern zone
17 shall display the signal and accept wagers on all races imported
18 by, or conducted by, a harness racing association conducting racing
19 in the northern zone. A harness racing association in the northern
20 zone shall display the signal and accept wagers on all races
21 imported by, or conducted by, a quarter horse racing association
22 conducting racing in the southern zone. On those nights when both
23 the harness racing association in the northern zone and the quarter
24 horse racing association in the southern zone are conducting live
25 racing, the audiovisual signal of both breeds shall be displayed
26 and wagers shall be accepted on both breeds at each of the locations
27 where the live racing is being conducted, and each association
28 shall display the audiovisual signal and accept wagers on the other
29 association's live or imported races throughout their respective
30 facilities, as they do when they are conducting satellite wagering
31 during other periods of the same day. Each association shall pay
32 the other an additional 5 percent of the amount wagered at their
33 respective facilities on the races imported by, or conducted by, the
34 other racing association. The additional 5 percent received by the
35 racing association pursuant to this paragraph shall be distributed
36 as 50 percent as commissions to the racing association and 50
37 percent as purses to the horsemen participating in the racing
38 meeting. Further, satellite wagering facilities located at fairs may,
39 but are not required to, accept an audiovisual signal on out-of-state
40 or out-of-country races unless the facility is open for business at

- 1 ~~the time and accepting wagers on other signals pursuant to this~~
- 2 ~~chapter.~~

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